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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91188736
Party	Plaintiff Anastasia Beverly Hills, Inc., Anastasia Soare, and Anastasia Skin Care Inc.
Correspondence Address	ALLAN Z LITOVSKY GREENBERG TRAURIG LLP 3181 MICHELSON DRIVE, SUITE 1000 IRVINE, CA 92612 UNITED STATES litovskya@gtlaw.com, ortegare@gtlaw.com
Submission	Opposition/Response to Motion
Filer's Name	F. Christopher Austin
Filer's e-mail	austinc@gtlaw.com, lvttab@gtlaw.com, haros@gtlaw.com
Signature	/s/ F. Christopher Austin
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BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

ANASTASIA BEVERLY HILLS, INC. ANASTASIA SOARE ANASTASIA SKIN CARE, INC. Opposers, v. ANASTASIA MARIE LABORATORIES, INC. Applicant.	Opposition No. 91188736
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OPPOSERS' OPPOSITION TO APPLICANT'S
MOTION FOR SANCTIONS

Opposers, ANASTASIA BEVERLY HILLS, INC., ANASTASIA SOARE, and ANASTASIA SKIN CARE, INC. (collectively "ABH"), by and through their counsel of record, the law firm of GREENBERG TRAURIG, LLP, hereby file this Opposition to Applicant, ANASTASIA MARIE LABORATORIES, INC.'S ("AML") Motion for Sanctions. This Opposition is based upon the points and authorities as identified below.

I. INTRODUCTION

AML's Motion for Sanctions ("Motion") is a thinly veiled strategy to suspend these proceedings after ABH declined to extend the discovery period preferring to move forward towards trial and a resolution of this matter. The Motion consists of a re-hash of arguments previously made by AML offering nothing new to be considered by the Board.

AML's opening salvo that ABH failed to comply with the Board's Order of January 3, 2012, disingenuously ignores the fact that ABH produced 629 pages of documents and electronic records on two discs all pursuant to the Board's Order. Additionally, AML's failure to accurately reflect all relevant facts and the failure to provide legal authority in support of sanctions for the alleged indiscretions reinforces ABH's position that the Motion is baseless. Moreover, presumably having conducted legal analysis on the issues presented, AML knows it's Motion is baseless such that it can have little or no expectation of having the Motion granted.

The Motion has served its purpose. These proceedings have been suspended. Without valid factual or legal support for AML's arguments, no sanctions against ABH are warranted.

II. STATEMENT OF RELEVANT FACTS

1. In January 2010, ABH filed a Motion to Amend Trademark Registrations to clarify and limit the identification of goods and their associated dates of first use, and first use in Commerce. ABH sought to delete certain goods which were inadvertently not deleted from the applications before the registrations were issued, or which were believed to have been properly identified at the time the registrations were granted but which subsequently were not being promoted nationwide.

2. On or about January 15, 2010, ABH made available at its warehouse 30-40 boxes of documents, ABH products and packaging, and the ABH production line for inspection by AML. Daphne Bass, then counsel for AML, spent approximately three hours at the warehouse. She declined ABH's offer to have documents copied. She also declined ABH's offer for her to bring in a forensic specialist to copy electronic records on ABH's computer system. (See Declaration of John May "May Decl.", ¶¶ 2-6

attached hereto as **Exhibit 1**). AML fails to disclose these facts to the Board.

3. On February 12, 2010, AML filed a Motion for Summary Judgment claiming ABH's overbroad applications incorporating goods on which its mark was never, or is no longer, used amounted to fraud.

4. On June 30, 2010, the Board granted ABH's Motion to Amend and the registrations were duly amended. In this same Order, the board denied AML's Motion for Summary Judgment on the issue of fraud. (See June 30, 2010 Order at p. 14).

5. On April 13, 2011, John May, then-counsel for ABH, communicated with AML's new (and current) counsel, Brewster Taylor, and again offered to make the documents housed at ABH's warehouse available for inspection. (See April 13, 2011 Letter attached hereto as **Exhibit 2**). In an email dated April 23, 2011, Mr. May confirmed that Mr. Taylor had declined the offer to inspect the documents at the warehouse, and also declined the offer to take the depositions of Raluca Carp and Constantin Stan as persons most knowledgeable for ABH. (See May Decl. at ¶7 attached hereto as **Exhibit 1**; see also Email dated April 23, 2011 attached hereto as **Exhibit 3**.) AML has failed to present these facts to the Board.

6. On April 26, 2011, AML filed a Motion to Compel Discovery alleging ABH's responses to Requests for Documents Nos. 3 and 23; 9 and 10; and Interrogatories Nos. 10 and 11 were insufficient.

7. On May 16, 2011, ABH filed its Opposition to AML's Motion to Compel attaching to its Opposition the Declarations of Raluca Carp, record keeper for ABH, and Constantin Stan, who worked as the Manager for what was then known as the Anastasia Skin & Body Care Salon (now Anastasia Beverly Hills). The declarations set out in detail ABH's record keeping policies and procedures including for accounts

payable, and accounts receivable, the financial software used for creating, tracking and maintaining computerized records of product orders, and also the use of a Third Party, ADS, for generating invoices, packing lists and maintaining shipping records for ABH's products. The declarations also memorialized Daphne Bass' visit to inspect documents at the ABH warehouse.

8. On January 3, 2012, the Board denied AML's Motion to Compel responses to Requests for Documents Nos. 3 and 23, and Interrogatories Nos. 10 and 11. The Order stated that ABH's responses to these discovery requests were adequate. As to Request for Documents Nos. 9 and 10, the Board ordered ABH "to the extent that it has such documents" to produce documents showing the annual sales from rendering salon services, and the electronic QuickBooks files of sales records for the years 2000-2004; records to show annual sales by item in round numbers for the years 2005 - 2010, and annual sales for the years 2000-2010 from rendering salon services. (See January 3, 2012 Order at pp. 6-7).

9. In compliance with the Board's Order, ABH produced approximately 629 pages or electronic records of documents to AML including QuickBooks details for Sales by Items from 2000 - 2004, the gross sales Fishbowl report for 2005 - 2010, a units sold spreadsheet for 2005 - 2010, and salon services documents for 2000 - 2010.

10. On February 8, 2012, counsel for AML objected via email to the nature of the documents produced wanting instead annual sales by item for the ABH-branded products. (See Exhibit 1 to the Declaration of Brewster Taylor attached to AML's Motion as Exhibit E).

11. On March 30, 2012, AML filed its Motion for Sanctions arguing, among other things, that ABH failed to comply with the Board's January 3, 2012 Order.

III. LEGAL ARGUMENT

AML seeks sanctions under three premises: (1) ABH failed to comply with the Board Order dated January 3, 2012; (2) ABH provided fraudulent declarations; and (3) ABH has engaged in a pattern of withholding discovery. Each premise is baseless and not supported by the facts and legal authority cited by AML. AML's Motion is simply a vehicle it uses to feign indignation at ABH's conduct while hiding its true purpose - to suspend these proceedings and to further unfairly delay the resolution of this dispute.

A. ABH Complied with the Board's January 3, 2012, Order

AML seeks sanctions arguing that ABH failed to comply with the Board's Order dated January 3, 2012, to produce records, "which would show the annual sales by item in round numbers of the produced sold under the ABH marks." (Motion p. 12). AML misses the mark on two counts: First, the Order expressly stated, "[t]o the extent it has such documents, ABH must provide documents to show annual sales" (Order p. 7) (Emphasis added). Thus, the Order recognizes that ABH might not have these documents in its possession.

Second, ABH produced 629 pages of documents and electronic records to AML showing the annual sales and revenue earned by the salon. Accompanying the production was an itemized list of the documents and electronic files produced showing to the extent ABH had the documents, it had fully complied with the Board's January 2012 Order. On February 8, 2012, AML's counsel objected via email to the production seeking the information in a format other than as provided by ABH. (See Exhibit 1 to Declaration of Brewster Taylor attached to AML's Motion as Exhibit E). AML's dislike of

the way in which the documents and/or electronic information was produced - particularly after ABH has offered an extensive explanation as to why the documents are in the format provided - does not make the production any less compliant.

More specifically, the Declarations of Raluca Carp ("2011 Carp Dec." attached hereto as **Exhibit 4**) and Constantin Stan ("2011 Stan Dec." attached hereto as **Exhibit 5**) previously produced to the Board and AML in 2010, attached to ABH's Opposition to Applicant's Motion to Compel, explain at length how ABH obtained and/or maintained its sales records. For example, Constantin Stan, former manager of the Anastasia Skin & Body Care Salon, explains how Opposer used the ADS company to generate packing lists and invoices and which then provided ABH with detailed shipping lists and monthly reports. Significantly, Mr. Stan asserts in his declaration that while at first these records included an itemization of each product, as the volume of orders increased they no longer had time to enter an itemized list of goods. (2011 Stan Dec. at p. 3 at **Exhibit 5**) Correspondence from former counsel for ABH reiterated Mr. Stan's position and expressly stated, "I am informed that ADS has not retained any detailed records reflecting their prior work for ABH." (See April 4, 2011 Letter from John May to Taylor Brewster, attached hereto as **Exhibit 6**).

AML was informed a year ago about the lack of detailed records regarding ADS' record management for ABH, and had sufficient time within the discovery period to depose the person most knowledgeable for ADS, to subpoena ADS for documents, and to confirm ADS' record management information for itself. Thus, there have been discovery options available to AML to obtain documents and information beyond what ABH provided if AML thought ABH was withholding evidence. However, AML chose not to avail itself of these options.

ABH also explained to AML how ABH used QuickBooks financial software to create a computerized record of an order. Ms. Carp's 2011 declaration includes statements that she does not know of any way to create the computerized summaries of all products sold to ABH's wholesale customers as sought by AML. Her own efforts to try and generate these reports from the available data were not successful. (See 2011 Carp. Dec. at pp. 3-4 at **Exhibit 4**).

ABH has taken the time to identify and explain its record keeping procedures and processes over the years and offered a comprehensive explanation as to why ABH can only offer the documents in the format provided. AML's expectation that somehow ABH re-process its record keeping years after the fact and simply because AML demands that it does so, is unreasonable. ABH has produced to the extent that it has such documents, those evidencing the information AML seeks - the annual sales generated from ABH's products, and services. ABH cannot provide documents in a format in which they do not exist, nor does it have a legal obligation to put them into a different format. Fed.R.Civ.P. 34 (b)(1)(E)(i)&(iii).¹ (See also 2011 Carp Dec. at pp. 3-4 at **Exhibit 4**). The fact that ABH did try to create documents in a different format shows it went above and beyond what was required under the discovery rules. ABH's conduct is commendable, not sanctionable.

Perhaps the most significant discovery omissions are those by AML itself. On or about January 15, 2010, more than two years before AML filed this Motion for Sanctions, its then-counsel, Daphne Bass, went to ABH's Sylmar warehouse in California where 30-40 boxes of documents, products and packaging, and the production line were presented without restrictions for her inspection. Ms. Bass spent

¹ (i) A party must produce documents as they are kept in the usual course of business . . . ; (iii) A party need to produce the same electronically stored information in more than one form.

about three hours at the warehouse asking questions all of which were answered, and demanding to see product samples, all of which were provided. Out of the 30-40 boxes of documents including invoices, shipping lists and packing slips made available for inspection, Ms. Bass briefly browsed only through 1-2 boxes. ABH offered to have any and all documents copied for her at AML's expense. Ms. Bass declined the offer. As an alternative, Ms. Bass was offered the option of bringing in a forensic specialist to copy the electronic records on ABH's computers. Ms. Bass declined the offer. (See May Decl. at ¶¶ 2-6, attached hereto at **Exhibit 1**).

Approximately a year later, in an April 13, 2011 letter, ABH again offered the warehouse full of documents, product samples, and packaging available to AML for inspection. In fact, Mr. May, ABH's counsel at that time wrote, "ABH's early business records for the relevant time periods remain available for your inspection" (See May Decl. at ¶7 attached hereto at **Exhibit 1**). Counsel for AML ignored the request. Mr. May, then sent a confirming email to Brewster Taylor, new counsel for AML which stated in part:

This will also confirm that you have declined my offer to make Mr. Stan and Ms. Carp available to assist you in inspecting the ABH current and historical production and shipping records in Sylmar, where they are maintained in the normal course of business, or to be deposed as persons most knowledgeable as to ABH operational procedures (including record keeping) for procurement, assembly to finished goods, inventory management, and shipment (Mr. Stan) and related processing of invoices and payments (Ms. Carp).

(See May Decl. at ¶7 attached hereto at **Exhibit 1**).

More than two years ago AML was presented with 30-40 boxes of documents, and all electronic records which AML declined to inspect or copy. Its arguments now that ABH is not compliant with any discovery request or Board Order, or that it withheld

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documents, when AML declined to inspect or have copied tens of thousands of documents presented to it, evidences AML's lack of interest in obtaining the truth in this matter.

Finally, AML declined to use the discovery tool of depositions failing to take a single deposition during the lengthy discovery period in this matter. If it questioned the format of the documents produced, or needed clarification on the information the documents contained, it had the ability to depose ABH's persons knowledgeable regarding such documents. It opted not to do so.

AML has offered no legal basis as to why the production of documents ABH believes are the best it has to show the annual sales of its products and services should cause ABH to be sanctioned. Moreover, AML is not entitled to sanctions when the discovery omissions are the result of its own failure to act.

B. ABH Did Not Provide Fraudulent Declarations

In June 2010, the Board resolved the issue of ABH's inadvertently overbroad registrations and ABH's request to remove products on which its Mark was no longer used, or on which it had intended to use the Mark but then did not do so. ABH was permitted to amend its registrations to remove the surplus products. (See Board Order from June 30, 2010). Thus, any issue regarding whether the initial list of products on which Opposer's Mark was used was over-inclusive has long been resolved and AML has no reasonable basis to raise the issue now, two years later in its Motion.

Perhaps more significantly, AML's Motion for Summary Judgment on the issue of fraud was denied. Yet AML now incongruously asserts that fraud has conclusively been established and the declarations of ABH's Principal, Ms. Soare concerning use of

the ABH Marks were “false” and “unreliable.”² Dismissing the list of products ABH has identified as being used under its Marks, AML offers instead its own greatly streamlined list of products on which it claims the ABH Mark was used. (Motion at p. 11).

AML then confusingly takes a contradictory position by stating, “[i]t is simply not possible to know when or if a product has been sold under a mark from incomplete and evasive statements AML has not been provided with documents with which it can evaluate ABH’s claims.” (Motion p. 11).

AML then flip-flops again and argues that ABH engaged in bad faith, fraudulent, and similar conduct even going to the extent of claiming AML has met its burden to establish fraud. (Motion p. 17). As no determination on the merits of the Fraud claim has been made subsequent to the denial of AML’s prior Motion for Summary Judgment, and because AML’s Motion for Sanctions is not one for Summary Judgment, this argument by AML is a misplaced, and unwarranted, conclusion. There is no basis for the Board to issue sanctions against ABH based upon AML’s unproven claims of fraud.

Moreover, if AML claims that it cannot determine the products on which ABH has used its mark, it cannot know whether Ms. Soare’s declarations are unreliable, or not. This argument is simply padding used to unsuccessfully prop up AML’s baseless Motion.

C. ABH Has Not engaged in a Pattern of Withholding Discovery

AML claims ABH has engaged in a pattern of withholding discovery and cites to three cases in support of its request for sanctions. The facts of each case cited are

² AML takes issue with the fact that ABH designated Ms. Soare’s declaration and amended Answers to Interrogatories Nos. 10 and 11 as “Trade Secret/Commercially Sensitive” and/or “Confidential.” (Motion at p. 10). However, AML was still provided the information designated as “Trade Secret/Commercially Sensitive” and/or “Confidential” so nothing was withheld from it, and the Board denied AML’s Motion to Compel as to Interrogatories Nos. 10 and 11.

inapposite to this case before the Board. In particular, in *Carrini, Inc. v. Carla Carini, S.R.L.*, the parties filed over seventy motions and countless exhibits, and the Board admonished the parties to seek leave of the Board before filing more motions. The parties continued to file pleadings without leave of the Board such that the Board sanctioned both parties. Nothing in *Carrini* supports AML's argument for sanctions against ABH in this proceeding, and the citation to this case appears to be nothing more than a failed attempt to find some authority to support AML's Motion.

Focusing on the facts of this case, over the course of discovery ABH has timely responded to every discovery request propounded by AML including all the Requests for Production of Documents, every Request for Admission, and ABH has answered every Interrogatory. AML does not claim that ABH has failed to respond to any discovery request, or that any response was untimely. Moreover, ABH has produced over 7,000 pages of documents in response to the requests, offered 30-40 more boxes of documents for inspection and copying, offered its electronic records to be forensically copied, and ABH's witnesses were offered for deposition. AML declined all offers to copy documents and electronic records, and took no depositions. Contrary to the applicant in *Caterpillar Tractor Co. v. Catfish Anglers Together, Inc.*³, who did not respond to Interrogatories after seven months, or to the respondent in *Unicut Corp. v. Unicut, Inc.*,⁴ who did not produce documents or persons for oral discovery depositions, ABH is compliant in responding to AML's every discovery request. AML's request for sanctions based upon ABH's non-existent pattern of withholding discovery is unwarranted.

In reality, AML feigns discontent because ABH did not produce documents in the

³ 194 U.S.P.Q. 99 (TTAB 1976)

⁴ 222 U.S.P.Q. 341 (TTAB 1984)

precise format in which AML has determined those documents should be presented. When Daphne Bass went to ABH's warehouse to inspect documents she argued that they were not as they should be kept in the ordinary course of business and demanded that ABH reorganize them all. Her position, in contravention of the discovery rules, was that production should be done her way or no way. (See May Decl. at ¶ 8 at **Exhibit 1**).

AML's unreasonable and unyielding position is simply a ploy to give it an excuse to unfairly suspend and delay these proceedings by filing yet another groundless motion.⁵ First, ABH has clearly and unequivocally explained through declarations of its representatives how it maintains its business records and has offered dozens of boxes housing tens of thousands of documents for inspection only to be ignored by AML. Also, ABH's witnesses, Raluca Carp and Constantin Stan, were expressly offered as deposition witnesses on issues key to this proceeding. AML took zero depositions in this matter.

Second, and very significantly, AML's prior motion to compel certain document requests and interrogatories was largely denied.⁶ The Board found AML's arguments that certain discovery responses were insufficient, and that documents were being withheld, were unfounded. In fact, the Board expressly found ABH's discovery responses were adequate. (See Order p. 8). AML has no basis to claim ABH has engaged in a pattern of withholding documents and information when its Motion for additional documents and information was for the most part denied, and when it failed to review a large number of documents offered to it for inspection, or to engage in any further discovery on the issue.

⁵ AML's prior Motion to Compel was largely denied with the exception of requiring ABH to produce a limited set of documents **to the extent** ABH has those documents.

⁶ AML's Motion to Compel regarding Requests for Production Nos. 3 and 23 and Interrogatories 10 and 11 was denied. (See Board Order dated January 3, 2012.)

IV. CONCLUSION:

The premises for AML's Motion for Sanctions are baseless, and unsupportable, and designed solely to present a cover for the Motion's true purpose - to improperly and unfairly suspend these proceedings and to delay the resolution of this dispute. AML has what it wanted, these proceedings have been suspended. No legal basis has been offered for the Board to sanction ABH, and without any such legal support, AML's Motion for Sanctions should be denied.

In contrast, ABH believes based upon AML's baseless Motion, which is legally unsupported and filed solely to delay these proceedings, the Board should appropriately sanction AML for its abuse of this process.

DATED: April 19, 2012.

GREENBERG TRAURIG, LLP

/S/ F. Christopher Austin

F. Christopher Austin (Bar No. 6559)
3773 Howard Hughes Parkway
Suite 500 North
Las Vegas, Nevada 89169

Allan Z. Litovsky (Bar No. 183182)
3181 Michelson Drive, Suite 1000
Irvine, CA 92612
Counsel for Opposer

CERTIFICATE OF SERVICE

I hereby certify that on April 19, 2012, I served the foregoing **OPPOSER'S FIRST SET OF REQUESTS FOR ADMISSIONS**

to Inter on:

Brewster B. Taylor, Esq.
Stites & Harbison PLLC
1199 N. Fairfax St., Suite 900
Alexandria, Virginia 22314
Counsel for Applicant

by causing a full, true, and correct copy thereof to be sent by the following indicated method or methods, on the date set forth below:

- ☒ by mailing in a sealed, first-class postage-prepaid envelope, addressed to the last-known office address of the attorney, and deposited with the United States Postal Service at Las Vegas, Nevada.
- ☐ by hand delivery.
- ☐ by sending via overnight courier in a sealed envelope.
- ☐ by faxing to the attorney at the fax number that is the last-known fax number.
- ☒ by electronic mail to the last known e-mail address.

/s/ Sara J. Haro

An employee of Greenberg Traurig

EXHIBIT I

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

ANASTASIA BEVERLY HILLS, INC. ANASTASIA SOARE ANASTASIA SKIN CARE, INC. Opposers, v. ANASTASIA MARIE LABORATORIES, INC. Applicant.	Opposition No. 91188736
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DECLARATION OF JOHN MAY IN SUPPORT OF OPPOSERS'
OPPOSITION TO APPLICANT'S MOTION FOR SANCTIONS

I, John May, declare as follows:

1. I am an attorney at the law firm of Berliner & Associates, prior counsel for Opposers in the above-captioned matter. All of the facts stated in this declaration are known to me unless otherwise so indicated and if called upon to testify, I am competent to testify to such facts.
2. On or about January 15, 2010, Daphne Bass, then counsel for Applicant, Anastasia Marie Laboratories, Inc. ("AML"), visited ABH's distribution center and warehouse in Sylmar California, accompanied by her husband Pierre Bass. I provided ABH's custodian of records, Constantin Stan, with written instructions in plain English summarizing the types of historical documents that I then understood were being sought by AML's discovery requests and instructed Mr. Stan to make all such documents available to Ms. Bass, including all hard-copy records of shipments of ABH-branded cosmetics. When Ms. Bass visited the warehouse, Mr. Stan was available to answer, and did answer, any questions Ms. Bass asked about ABH's past and current record keeping practices.

3. Prior to the arrival of Ms Bass , and in response to my instructions, Mr. Stan had identified approximately 30-40 boxes of archived documents which he had loaded onto two pallets for inspection by Ms. Bass. She inspected 1-2 boxes, and asked for better quality copies of a couple of documents for her to review, which were immediately provided to her. She was advised that she could have copies made of any other documents at her client's expense. Ms. Bass did not ask for copies of any documents other than those few she had previously specifically identified..
4. Ms. Bass also inspected some early ABH products and some obsolete/expired products (including packaging bearing the relevant marks), and she also inspected the production line.
5. The meeting in Sylmar lasted approximately three hours but a substantial part of that time was spent discussing the manner in which the documents were stored and presented for inspection and her suspicions that other potentially more relevant records existed. Ms. Bass argued that the documents produced for inspection were not as they were kept in the ordinary course of business and should be reorganized by ABH. I disagreed with Ms. Bass stating that they were as kept in the ordinary course of business and it was not ABH's obligation to reorganize the documents.
6. As an alternative that I believed would address the concerns raised by both parties, I also offered Ms. Bass unrestricted access to ABH's current "Fishbowl" computerized inventory system and the electronic records housed on the computers, as well as to any other computer systems (to the extent they still existed and were still operational) that had been used by ABH in the ordinary course of business.. In particular, I offered to provide Ms. Bass with the stored computer data in a report format of her choosing (provided the format was specified in a manner that was intelligible to Mr. Stan), or to provide any existing such computer data in computer readable form for possible analysis by an

independent forensic specialist pursuant to the Protective Order. Ms. Bass declined this offer.

7. In or around April 13, 2011, I communicated with AML's new counsel, Brewster Taylor, via letter and again offered the warehouse documents up for inspection. (See April 13, 2011 Letter attached hereto). Mr. Taylor did not respond to this offer. On April 17, 2011, I sent Mr. Taylor an email in which I wrote:

This will also confirm that you have declined my offer to make Mr. Stan and Ms. Carp available to assist you in inspecting the ABH current and historical production and shipping records in Sylmar, where they are maintained in the normal course of business, or to be deposed as persons most knowledgeable as to ABH operational procedures (including record keeping) for procurement, assembly to finished goods, inventory management, and shipment (Mr. Stan) and related processing of invoices and payments (Ms. Carp). (See April 17, 2011, email attached hereto).

8. In summary, on behalf of ABH, in my capacity as counsel for ABH, I made in good faith repeated offers to both Ms Bass and Mr. Taylor to make available to AML all relevant hard-copy records in ABH's possession and control, including, but not limited to, purchase orders, shipping documents and/or packaging lists, individual invoices, and other documents reflecting detailed information on the specific products ordered by ABH's wholesale customers, and the specific amounts charged for each specific product ordered, as kept by ABH in the regular course of business, as well as to make available to AML all relevant computerized records.. However, it is my understanding that those offers were rebuffed by AML's past and present counsel.

I declare under penalty of perjury under the laws of the United State of America that the foregoing is true and correct.

This Declaration being executed on April 19, 2012.

/John May/
John May

EXHIBIT 2

Berliner & Associates

U.S. and International Intellectual Property Matters
555 West Fifth Street, 31st Floor
Los Angeles, California 90013
www.berliner-ip.com

jmay@berliner-ip.com

Telephone: (213) 533-4176
Facsimile: (213) 533-4174

April 13, 2011

VIA E-MAIL ONLY

Brewster Taylor, Esq.
Stites & Harbison PLLC
TransPotomac Plaza
1199 North Fairfax Street, Ste. 900
Alexandria, VA 22314-1437
btaylor@stites.com

Dear Mr. Taylor:

I acknowledge receipt of your letter of April 11, 2011.

What you characterize as "evasive" is in fact a good faith attempt to comply with our discovery obligations under the federal rules, despite the fact that both your firm and your client's prior counsel have served us with unnecessarily burdensome, duplicative, and irrelevant requests and interrogatories.

In our early disclosures to your predecessor counsel, we provided considerable relevant dated documentation from the 1999-2003 time period showing both early internal use (packaging, artwork, price quotations, etc) of the marks in question prior to the filing of the relevant applications and subsequent shipments in interstate commerce of representative goods in all four classes; that same counsel had ample opportunity to inspect additional potentially relevant documents from the formation of the company to the present as maintained by ABH in the ordinary course of business, including the possibility of requesting customized reports from the company's computerized records and/or taking oral discovery of our corporate clients under rule 30b6. Moreover, we were receptive to continuing "informal discovery" even while the MSJ was pending.

In support of our motions to amend and for summary judgment, we made of record a detailed sworn declaration from Ms. Soare that clearly admitted that certain goods had not been shipped in interstate commerce bearing the marks in question prior to registration, and that there was no specific plans to so ship certain other branded goods in the foreseeable future. If you believe it useful to recast that declaration as a series of requests to admit certain facts set forth in particular paragraphs, we will promptly respond without objection.

Brewster Taylor, Esq.
April 13, 2011
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As to our discovery responses regarding the production of reports reflecting unit shipments or sales of ABH-branded products from 2005 to 2010, I was told in the presence of your predecessor, Ms. Bass (who was given the opportunity to informally interview our clients' warehouse manager, Mr. Stan, and their accountant, Ms. Carp) that ABH's inventory control software was not operational until January 2005. As to the format of such reports, not hearing back from Ms. Bass, I decided on a format which is intended to balance detail with lucidity.

Subject to your acknowledgment that it should suffice for the 2005-2010 time period, I plan to send you separately on CD-ROM a rather detailed spreadsheet in Excel format summarizing shipments of specific Class 3 goods identified in our amended registrations for each of 12 successive 6-month periods from January 2005 to December 2010, to be designated Trade Secret and Commercially Sensitive under the Protective Order, as well as similarly designated raw output from the client's "Fishbowl" inventory control system (in csv format) for individual SKU's which were combined to provide the numerical data included in the Excel spreadsheet. I believe that this will be sufficient to establish 5 years substantially continuous use of the registered marks on the goods listed in the involved amended registrations from the first half of 2005 to the last half of 2010. My client is extremely concerned about its most sensitive sales data falling into the hand of its competitors, and has instructed me to make it available only for your use (and that of your trusted associates and paralegals and experts) under the strictest provisions of the Protective Order.

I attach a printout of a much a less detailed summary from the same spreadsheet which is based on the same input data and the same internal logic, but producing a visible output with the unit quantities replaced by zero, one or two hash marks indicating respectively no, some, or many units shipped. We expect to use this chart (or a modified version thereof) as a trial exhibit demonstrating use in commerce of the registered ABH and AABH marks on the various listed Class 3 goods over the last 6 years sufficient to establish the incontestability of those registrations for at least some of those listed goods. Please treat it as CONFIDENTIAL under the Protective Order.

Our clients are unable to provide computer generated reports of shipments or sales of individual products during designated time periods prior to 2005, but rather such information must be manually extracted from paper documents that were retained in the normal course of business, relating to shipments from vendors and former vendors such as Kolmar Laboratories, Inc. ("Kolmar") and Automated Delivery Systems, Inc. ("ADS"), or to customers and former customers such as Fred Segal, Nordstrom, and Sephora. We already have produced a number of such documents which we believe sufficient to show "use in commerce" of the registered AABH and ABH trademarks at all relevant times on those goods not already deleted from the registrations. As to any sales or shipments of the deleted goods (which would be relevant only to the "fraud" counterclaim), I refer you to Ms. Soare's declaration and to the previously produced documents, including invoices from Kolmar and Baden Aromatherapy.

Brewster Taylor, Esq.
April 13, 2011
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I would note that to the extent we have produced documents establishing at least some use in 2003 and in 2005 for certain goods, there is no logical possibility of a 3 year period of non-use subsequent to 2001 or prior to 2007 that would lead to a presumption of abandonment as to those goods. In any event should you have demonstrable need for additional representative documents involving a limited number of specific products, vendors, customers and dates for the years prior to 2005, (i.e., prior to the availability of detailed computerized inventory records), we will attempt to locate additional such documents for you. Alternatively, you are welcome to inspect the relevant business records (document depositories) in which we would expect that such documents would be located.

I confirm that we expect to be producing additional documentation regarding shipments of specific products from Kolmar during the period 1999-2004. Your predecessor already had an opportunity to review our clients' hard copies of Kolmar invoices from each of those years, but apparently was not interested in hiring a copy service to make copies of same. In any event, I have requested Kolmar to provide us with electronic copies of all their invoices to ABH from that time period, and will make a copy of same for your inspection. I hope to have this by the end of the week. Note that as clearly documented in our early disclosures, some of the products were delivered by Kolmar in finished goods form, some were intended to be subsequently packed into boxes or assembled into kits, some were to be used only as testers. At this time, we are not representing that all the products shipped by Kolmar were already branded with the AABH and ABH marks prior to shipment by Kolmar; however, the already produced documents clearly show that at least the 0.7 oz tube version of pre-tweeze gel and after tweeze cream was packed by Kolmar into tubes preprinted by Tube Products, Inc. with the relevant marks prior to shipment by Kolmar to ADS.

We also have located and have offered to make available for your inspection a large number of paper documents reflecting finished goods sold and shipped to Nordstrom prior to 2005.

As to your request for a 30 day extension for discovery and trial, our clients have instructed us to obtain a final resolution of this matter as expeditiously as possible. I certainly understand your desire to have an opportunity to review all relevant documents prior to taking any deposition of my client, but your latest set of discovery requests overlapped (both in subject matter and numbering) that of your predecessor and I do not wish to open up my clients to even more burdensome and duplicative discovery than that to which they have already been subjected.

Accordingly, I propose that we attempt to work out a detailed discovery plan (covering not only requests to admit, but also document production and depositions) that can be completed in the next 45 days or so, with minimal burden on any party. Regardless of whether or not that objective can be achieved (and I sincerely believe it is realistic), you may be assured that we will not oppose any deposition notices of our clients and identified potential witnesses or any motions to compel as untimely if made within 30 days of our production of additional relevant documents (if we are able to agree on appropriate ground rules for any pending or timely made future

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requests) or within 30 days following a conference with the Interlocutory Attorney (if we are not able to so agree), with a corresponding adjustment by mutual consent of all subsequent trial dates. I assume you are willing to make a similar commitment as to any deposition of your client (or other potential witnesses) regarding your not yet produced "new evidence."

I will now address certain other specific issues raised in your letter that I find particularly troubling:

Your RFA 10 calls for a **triple negative** admission: Opposer does **not** have documents sufficient to show that there has **not** been a period of at least three years since September 1999 in which the mark has **not** been used in connection with advertising the services. We understand "documents" to embrace more than just paper files maintained in the ordinary course of business and stored in a manner that facilitates retrieval by date and subject. "Sufficient to show" and "in connection with" require legal conclusions, not just facts. Moreover, this and other similar requests appear to be merely a fishing expedition for evidence to support an unasserted counterclaim for cancellation of our pleaded service marks in class IC044, and it would be extremely prejudicial to add any such counterclaim at this late stage of the proceeding.

ABH's early business records for the relevant time periods remain available for your inspection in accordance with the applicable provisions of the Federal Rules and the Protective Order. Indeed, many of the relevant facts are already of public record in this proceeding either in the TDR prosecution records of the involved registrations or in the pleadings, motions, exhibits and orders that are accessible through TTABVue. Your allegations of an intent to conceal and confuse is baseless and unwarranted.

I look forward to working with you on a mutually acceptable plan to conclude discovery promptly without undue burden on either party. If we can not agree on such a plan, I think the next step is to schedule a discovery conference with the Interlocutory Attorney.

Very truly yours,
/John M May/
John May

cc: Robert Berliner, Esq.

EXHIBIT 3

Haro, Sara (Para-LV-LT)

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From: John M May <jmay@iberliner-in.com>
Date: April 23, 2011 12:00:26 PM PDT
To: "Brewster B. Taylor" <btaylor@stiles.com>
Subject: Computer reports from ADS

Dear Mr. Taylor

I confirm that Mr Stan has located detailed computer generated reports from ADS for 2002 and is searching for similar reports from ADS and its successor(s) for other years prior to the activation of the "Fishbowl" system in 2005. He advises that he may not have such detailed reports for all years prior to 2005, either because ADS may have delivered reports for earlier years to the ABH NY office or because ADS may have been succeeded by another distribution service who was not set up to provide such detailed reports. I should have more details on Monday, also the originals of any detailed inventory and shipment reports relating to ABH-branded products for the years prior to 2005 which may have been maintained in the ordinary course of business at the ABH distribution operation (sometimes referred to as the "warehouse" in our discovery responses) in Sylmar, California.

Please note that we are not representing that all ABH-branded product sold prior to 2005 went through ADS. However, the only exceptions that I am aware of at the present time are locally procured fragranced products from Baden Aromatherapy and product distributed by ADS' successors (and eventually by ABH itself).

As I indicated to you previously, the invoices and reports I have seen to date clearly identify any included "testers" or Work in Progress ("WIP"), and the spreadsheet already provided you reflects only finished goods. Ms Bass had made it very clear that she was interested only in finished goods, and we do not intend to rely on orders for, or shipments of, WIP or testers as primary evidence of use in commerce in the ordinary course of trade. Accordingly, it is our position that your request earlier today for corresponding data for testers and WIP, to the extent it is not already separately listed in the reports we have already produced or will produce, is

4/19/2012

burdensome, irrelevant, and untimely.

As we discussed on Friday, once I have received the original reports from Mr Stan, we will photocopy and email you a few representative pages, which should be treated as Trade Secret (Outside Counsel only) under the Protective Order. You and I can then discuss how much of this you want copied and how best to fill in any gaps (if indeed there are any gaps that need to be filled). We will also make any applicable updates of our prior discovery responses.

This will also confirm that you have declined my offer to make Mr Stan and Ms Carp available to assist you in inspecting ABH current and historical production and shipping records in Sylmar, where they are maintained in the normal course of business, or to be deposed as persons most knowledgeable as to ABH operational procedures (including record keeping) for procurement, assembly into finished goods, inventory management, and shipment (Mr Stan) and related processing of invoices and payments (Ms Carp).

John M May

Please email any responses or comments to
jmay@berliner-ip.com
with copy to
John@May.us

Carp 2011 Declaration
FILED UNDER SEAL

EXHIBIT 4

STAN 2011 DECLARATION
FILED UNDER SEAL

EXHIBIT 5

EXHIBIT 6

Berliner & Associates

U.S. and International Intellectual Property Matters
555 West Fifth Street, 31st Floor
Los Angeles, California 90013
www.berliner-ip.com

jmay@berliner-ip.com

Telephone: (213) 533-4176
Facsimile: (213) 533-4174

April 4, 2011

VIA E-MAIL AND FIRST CLASS MAIL

Brewster Taylor, Esq.
Stites & Harbison PLLC
TransPotomac Plaza
1199 North Fairfax Street, Ste. 900
Alexandria, VA 22314-1437
btaylor@stites.com

Dear Mr. Taylor:

This will serve as a response to your letter of February 25, 2011, to my colleague Robert Berliner. This letter will not address the recent course of settlement negotiations except to note that the details of our prior discussions on this subject were and shall remain privileged and confidential and that our respective clients apparently have not totally foreclosed all possibility of achieving a mutually-agreeable settlement of this matter.

We are surprised by your assertion that your client used "ANASTASIA" alone as a trademark for skin-care products even prior to the 23 May 2000 date claimed in its published application, which appears to be inconsistent with Ms. Chelak's sworn deposition testimony. When do you expect to be in a position to produce credible evidence to substantiate such a claim? In any event, we must protest the obvious prejudicial effects the late disclosure of any such evidence will have on our client, and expect your client will reimburse us for all costs associated with taking a second deposition of Ms. Chelak.

We take strong exception to the unsubstantiated allegations in the second paragraph of your letter. Specifically, we dispute: (1) that my client's use of its ANASTASIA BEVERLY HILLS word mark and its A ANASTASIA BEVERLY HILLS & Design mark (collectively, the "ABH mark" or "ABH brand") creates a likelihood of consumer confusion with your client's A ANASTASIA MARIE logo; (2) the implication that your client's use of the A ANASTASIA MARIE logo constitutes "use" of the single word ANASTASIA word mark; and (3) your allegation that my clients appropriated the A ANASTASIA MARIE logo.

We also take this opportunity to note that your client's registered A ANASTASIA MARIE logo places equal emphasis on the words "ANASTASIA" and "MARIE" and includes a distinctive logo consisting of a serif-font "A" and a thistle-like flower bracketed by two inverted

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triangles and surrounded by a square border. In contrast, our client's A ANASTASIA BEVERLY HILLS & Design mark emphasizes the ANASTASIA name; the BEVERLY HILLS component of the mark is disclaimed (also in our Word Only registration). Moreover, the graphic elements of the A ANASTASIA BEVERLY HILLS logo is quite different than your client's logo; all of the text is rendered in a flowing, stylized script, with the "A" element surrounded by a circle, not a square, without the triangles and thistle which appear to be the most prominent design elements of your client's logo.

As to the likelihood of confusion between the ANASTASIA component of your client's A ANASTASIA MARIE registration and the three word phrase ANASTASIA BEVERLY HILLS, we have solid evidence of over 5 years of continuous use of the ABH brand on many of the IC003 goods listed in our registration, and accordingly, likelihood of confusion is not a proper basis for cancellation as to all of class IC003. We will object to any attempt by your client to amend its Answer and Counterclaims to assert this theory, raised for the first time in your February 25 letter.

As to your "astonishment" regarding our discovery responses to date, we take strong exception to your mischaracterization of our discovery responses, document production and "declarations and briefs filed with the Trademark Trial and Appeal Board" as "evasive."

Your intent to depose Anastasia Soare and her daughter Claudia, as well as Mr. Baum, is duly noted. All three currently reside in California, but they all have busy schedules and frequently travel out of state. Assuming you want to take all three depositions in succession please let us have sufficient advance notice of your preferred dates that we can coordinate their respective schedules.

As to your specific comments regarding my client's Interrogatory responses, we respond as follows:

(1) Interrogatory Responses

With respect to Interrogatory Nos. 6, 7, 10 and 11, we direct you to the chart, sent to Daphne Bass in draft form via email dated December 29, 2009 (the "ABH Product Chart"), detailing specific ABH-branded products corresponding to the general product types described in the trademark registrations for the ABH mark and the dates during which the products were sold and shipped in interstate commerce. A copy of that email and the attached ABH Product Chart is enclosed for your convenience. Please note that the chart is classified CONFIDENTIAL pursuant to the protective order in this matter. As detailed below and in our responses to your 3rd set of Requests for Production, we are in the process of updating the chart to include details of unit sales for our current IC 003 products for successive 6 month periods commencing January 2005.

You object to our use of the terms "various," "popular" and "certain" in our responses to Interrogatory Nos. 8 and 9, which seek information concerning the retail price of products and services identified in ABH's responses to Interrogatory Nos. 6 and 7. The phrases "various" and "certain" were used not to be evasive, as you seem to imply, but to describe the contents of production documents ABH010135 -- ABH010137 and ABH030024TS -- ABH030026TS. These documents provide the retail prices for each IC003 product identified in the ABH Product Chart as being sold from some date in the past to the present.

With respect to Interrogatory Nos. 14 and 15, our response directed you to production documents ABH030028TS -- ABH030028TS, which set forth specific dates and amounts paid to various print media for advertising ABH branded products in the years 2007- 2009. We plan to supplement our production with documents sufficient to show representative dates on which ABH has advertised or promoted ABH-branded products or services in, on or through specific printed and electronic media publications, outlets or corporations from 2003 through January 2011. Document number ABH010023TS provides yearly promotion, advertising and marketing expenditures in the years 1999 through 2008.

(2) Document Production

We take issue with your characterization of the document production as "extremely deficient" and "not even remotely represent[ing] a good faith effort to comply" with the requests.

Your letter alleges that "[t]here has been no responsive production" in response to AML's document requests 1 through 4, and demands that ABH either produce finished production specimens of products sold in interstate commerce in 1999 and 2000 or "confirm that no products were being sold at that time." As you should be aware, prior counsel for AML, Daphne Bass, visited ABH's distribution center in Sylmar, California, on or about December 16, 2009. Ms. Bass was given full access to historical documents of ABH concerning the subject matter of the document requests, and allowed to inspect and copy all responsive documents and things, including all historical finished production specimens in ABH's possession. As you should also be aware, if ABH did not keep a finished production specimen of a particular ABH-branded product placed in commerce in 1999 or 2000, that does not constitute proof that no such specimen ever existed or was not ever placed in interstate commerce. Again, we refer you to ABH's document production, and the ABH Product Chart (footnoted to reference supporting evidence produced by ABH) to demonstrate what ABH-branded products were sold and when.

As to your comments regarding our responses to specific requests for documents and things, we respond as follows:

Production documents ABH020110C -- ABH020115C and ABH020117C -- ABH020124C show shipment in interstate commerce in 2000 of the following ABH-branded products listed in Document Request Nos. 5, 21 and 41: foundation; concealer; pressed powder; loose powder; eye shadow base (*i.e.*, concealer); blush; lip coverings; lipstick; lip gloss; lip liner;

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bronzing liquid; eye shadows; mascara; eyeliners; eyebrow color pencils; eyebrow pencils; eyebrow powder; eyebrow pomade; and eyebrow gel.

Production documents ABH020117C – ABH020124C show shipment in interstate commerce in 2000 of the following ABH-branded products listed in Document Request Nos. 5, 21, 23, and 41: foundation; concealer; pressed powder; loose powder; eye shadow base (*i.e.*, concealer); blush; bronzing liquid (*i.e.*, oil-free and moisturizing makeup); eye shadow; mascara; eye liner; lip coverings; lipstick; lip gloss; lip liners; eyebrow color pencils; eyebrow pencils; eyebrow powder; eyebrow pomade; and eyebrow gel.

Similarly, production documents ABH020117C – ABH020124C show shipment in interstate commerce in 2000 of the following ABH-branded products listed in document request nos. 6, 22, 24, 40 and 42: eye creams, eye-area moisturizers, facial moisturizers and eye-area creams (*i.e.*, after-tweeze cream); and eye gels, eye-area gels and facial serums (*i.e.*, pre-tweeze gel).

Production documents ABH020213C – ABH020216C reflect the purchase in 2001 of other IC 003 goods, including room fragrances (*i.e.*, pillar candles) that were sold as ABH-branded products in the ABH salon.

Production documents ABH020140C, ABH020143C and ABH020144C show sales and shipment in interstate commerce in 2002 of the following ABH-branded IC003 products listed in Document Request Nos. 7, 25 and 41: foundation, concealer and eye shadow base (*i.e.*, concealer); pressed powder and blush (*i.e.*, blush); eye shadows; mascaras; eye liners; lip coverings; lipstick; lip gloss; lip liners; eyebrow color pencils; eyebrow pencils; eyebrow powder; eyebrow pomade and eyebrow gel.

We plan to supplement our production with a detailed listing of specific ABH-branded products shipped by the client organized for each semiannual period from 2005 to the present, and a summary thereof keyed to the IC003 goods described in our involved registrations.¹ I believe that our supplemental production should satisfy your concerns as to Document Request Nos. 13 – 20 and 31 – 38.

We have contacted Kolmar Laboratories, Inc. ("Kolmar") regarding any documents (including specifically computer records) which they may have retained reflecting the sale and shipment of ABH-branded products from 1999 through the present. It is our understanding that they should be able to provide detailed invoices for that entire period. Paper copies of some of these invoices have already been produced from our client's files.

¹ I informed Ms. Bass, in an email dated January 17, 2010, to which I received no response, that my clients would rely on reports generated by my client's electronic business record system for evidence of shipments and sales of ABH-branded products from 2005 to the present. A copy of that email is attached for your convenience.

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As to Advanced Distribution Systems, Inc. ("ADS") I am informed that ADS has not retained any detailed records reflecting their prior work for ABH. However, we have already provided Ms Bass with copies of relevant documents from ADS, and an opportunity to inspect the ABH document archives in which those ADS documents were located.

As to Document Request Nos. 43 through 46, we do not understand your objections. The Requests seek documents relating to "the formulation and development" of ABH-branded products "dated prior to September 30, 1999," and documents "dated prior to September 30, 2000." Yet your letter complains that documents "describe[ing] products sold to [ABH] in 1997 and 1998" are not responsive because ABH claims a first-use date of its mark in 2000. It only stands to reason that the formulation and development of ABH-branded products and packaging (including price quotations and delivery of product samples, artwork, and packaging) would take place prior to the first use date of the mark. Moreover, our amended dates of first use and first use in commerce were explicitly qualified "at least as early as."

We trust that the foregoing addresses the concerns stated in your February 25 letter. If not, we would be happy to arrange a time to further discuss these issues.

Very truly yours,

/John M May/

John May

Encl.

JM/ss

cc: R. Berliner, Esq.